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## **Costa Rica**

### **Grain and Feed**

### **Rice Situation and Outlook**

## **2002**

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#### **Report Highlights:**

**Costa Rica will import 27,000 MT of rough rice before the end of 2002. Imports of an additional 100,000 to 130,000 MT of rough rice are expected during the first months of 2003.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
San Jose [CS1], CS

## Rice Situation and Outlook - Costa Rica

Costa Rica will import 27,000 MT of rough rice from the United States which is scheduled to arrive at the Port of Caldera at the end of November. Costa Rica normally imports rice during the first half of the year. However, as a result of lower area planted and production, imports for crop year 2002/2003 will start earlier. Industry sources indicate that although there are rice stocks available in the market, that rice was recently harvested and needs a rest period of about a month before it can be packaged and sold. During 2002, Costa Rica has imported 95,846 MT of rice, valued at \$26.3 million, all from the United States.

An additional 100,000 MT of rough rice are expected to be imported during February - May of 2003. Some sources indicate that import volume could reach 130,000 MT next year depending on the production level during the second crop. Based on preliminary information provided by the Government of Costa Rica Rice Corporation (formerly the Rice Office), a total of 30,000 ha. were planted to rice during the first crop, 22 percent below the previous year. The harvest of the first crop ends in December. The second crop, most of which will be harvested during May-July of next year, should reach about 12,000 ha. Based on that information, Costa Rica would produce a total of 110,000 MT of rice (milled equivalent) during crop year 2002/2003. Rice consumption is roughly 216,000 MT per year and Costa Rica normally keeps stocks for two months' consumption.

Area planted this year declined mostly as a result of uncertainty regarding government policy towards the sector. Although El Niño had some effect in reducing yields, uncertainty has been blamed for lower area planted and lower input use in rice plantations. Producers have been trying to obtain higher protection for the sector through tariffs and safeguards. Although they have been successful in convincing the GOCR of keeping import duties high as the following explanation indicates, negotiation of a subsidy mechanism is still underway.

From 1999 to February 2002, Costa Rica applied a price-based safeguard duty to rice imports that totaled approximately 19 percent for rough rice, on top of an applied duty of 35 percent. This brought the total duty applied to 54 percent.

In February 2002, the GOCR removed the price-based safeguard and replaced it with a safeguard based on Article 19 of the GATT and the WTO Agreement on Safeguards. Added to the normal customs duty of 35 percent, Costa Rica had an effective duty of 71 percent. On October 2, the GOCR eliminated the safeguard imposed in February 2002, and replaced it with the price-based safeguard previously in effect (1999-2002). Also, on October 2, the GOCR raised the sanitary and quality inspection fee from \$9.86/MT to \$19/MT, which is a barrier to trade and inconsistent with WTO rules.

The shipment scheduled to arrive later this month will be assessed the 35 percent ad-valorem duty, the price based safeguard (approximately 19 percent) and the \$19/MT sanitary and quality inspection fee. Importers expect the Government to issue a "shortage decree" early next year. Such decree would allow duty free imports for rice imported by the Rice Corporation. At this time it is not clear what mechanism the GOCR will use for next year's imports.